

UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS: WELL LOG ELECTRIC LOGS FILE ☒ WATER SANDS LOCATION INSPEC SUB. REPORT/abd.

98 1002 LWD off 10/2/98

DATE FILED SEPTEMBER 18, 1997

LAND: FEE & PATENTED STATE LEASE NO.

PUBLIC LEASE NO. UTU 76478

INDIAN

DRILLING APPROVED: OCTOBER 14, 1997

SPUDED IN: ~~1-13-98~~ Error

COMPLETED: PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: LWD 10-2-98

FIELD: WILDCAT

UNIT:

COUNTY: DUCHESNE

WELL NO. SEGO RESOURCES #2

API NO. 43-013-31947

LOCATION 2430 FNL FT. FROM (N) (S) LINE. 2182 FEL

FT. FROM (E) (W) LINE. SW NE

1/4 - 1/4 SEC. 23

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
11S	15E	23	SEGO RESOURCES CORP				

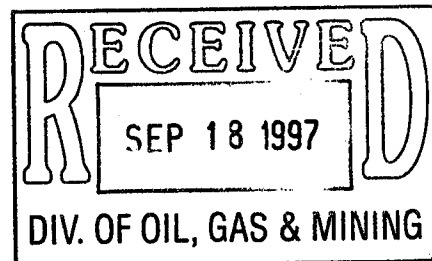
SEGO RESOURCES

September 16, 1997

U.S. Department of the Interior
Bureau of Land Management
Vernal District Office
170 South 500 East
Vernal, Utah 84078

Attn: Mr. Ed Forsman

Re: Application for Permit to Drill (APD)
Federal Oil & Gas Lease UTU76478
Sego Resources Well #2
SW/4 NE/4 Sec. 23, T11S, R15E
Duchesne County, Utah



Dear Mr. Forsman:

Enclosed are one original and two copies of the above referenced APD plus supporting material.

Please contact me at (801) 789-7250 if additional information is needed.

Thank you,

Roger L. Alinger
Roger L. Alinger

(July 1992)

SUBMIT IN TRIPLICATE

FORM APPROVED

OMB NO. 1004-0136

Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

5. Lease Designation and Serial No.
UTU76478

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		6. If Indian, Allottee or Tribe Name NA	
b. TYPE OF WELL OIL WELL () GAS WELL (X) OTHER () SINGLE ZONE () MULTIPLE ZONE ()		7. Unit Agreement Name NA	
2. Name of Operator Sego Resources Corp.		8. FARM OR LEASE NAME, WELL NO. Sego Resources Well #2	
3. Address and Telephone Number 266 West 100 North Suite #1 Vernal, Utah 84078 Telephone (801) 789-7250		9. API Well No.	
4. LOCATION OF WELL (Report location clearly and accordance with any State requirements.) At Surface 2430' FNL 2182' FEL, Sec. 23 T11S R15E S.L.B.&M. At proposed prod. zone		10. Field And Pool, or Wildcat Wildcat	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 20 miles south of Myton, Utah		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 23, T11S, R15E, S.L.B.&M.	
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 2182' (Also nearest drlg. unit line, if any)		12. COUNTY OR PARISH Duchesne	
16. NO. OF ACRES IN LEASE 1080		13. STATE Utah	
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED OR APPLIED FOR, ON THIS LEASE, FT. 2408'		17. NO. OF ACRES ASSIGNED TO THIS WELL 80	
19. PROPOSED DEPTH 6500'		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) GR 6731'		22. APPROX. DATE WORK WILL START 15-Nov-97	

CONFIDENTIAL

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8" J-55	24	650' Surface	155 SKS 50:50 Poz "C" + 85 SKS "G"
8-1/2"	5-1/2" J-55	15.5	6500' Production	345 SKS 50:50 Poz Class "G"

Sego Resources Corp. proposes to drill, test and complete the Sego Resources Well #2 as a vertical well in the Wasatch formation

Please reference the accompanying Drilling Program

BLM Right of Way is not required

Operations for this well will be conducted under a Statewide Bond.

Because of terrain, Sego is requesting an exception location for the #2 well.

CONFIDENTIAL

Please consider all submittals pertaining to this well "Company Confidential".

If additional information is required, please contact the undersigned at (801) 789-7250, FAX (801) 789-7261

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED: Roger Alinger

Roger Alinger

TITLE: CEO

DATE:

9/16/97

(This space for Federal or State office use)

PERMIT NO. H3-013-31947

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

Approved by

John R. Baya

Title

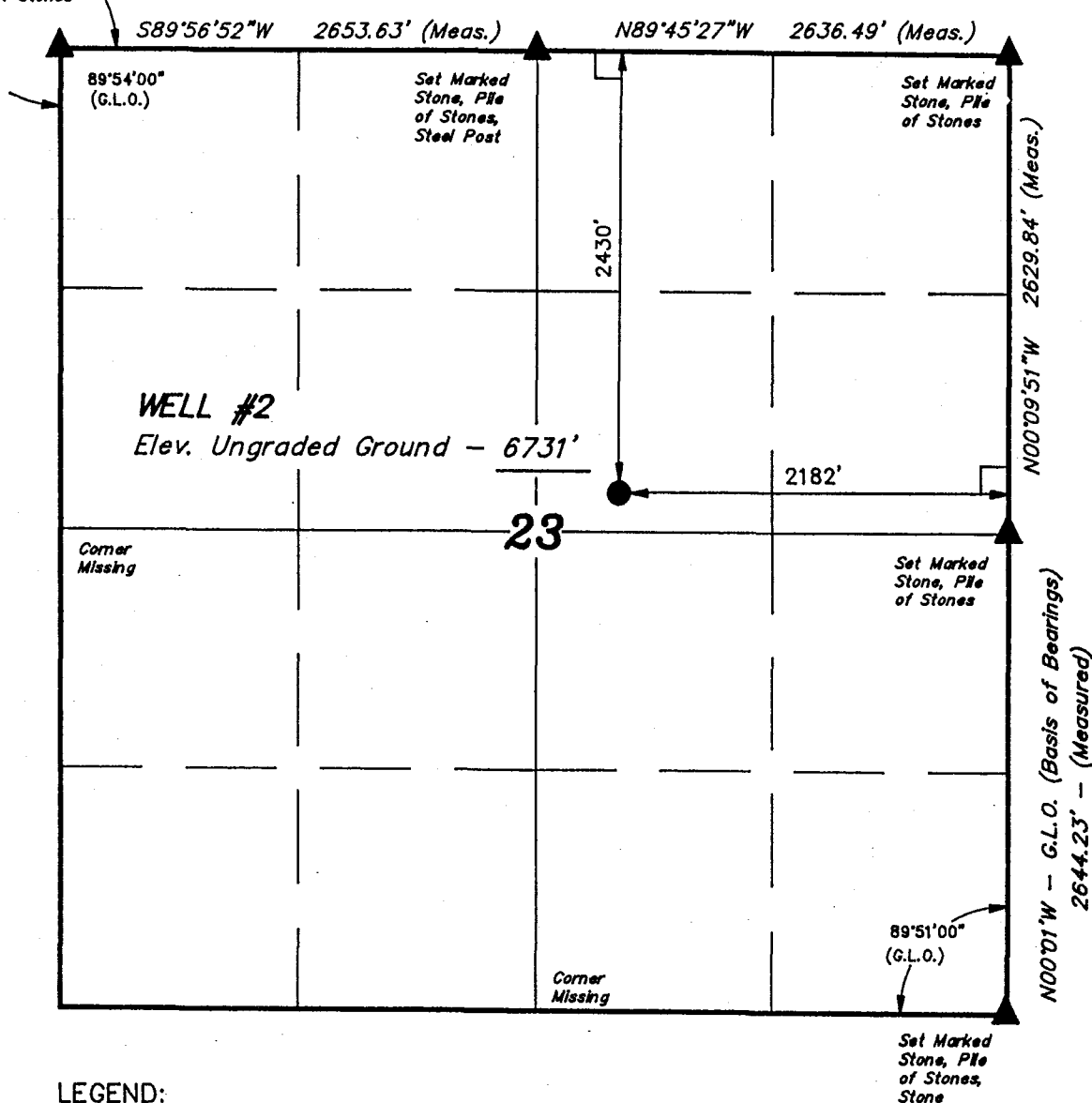
Associate Director

Date

10/14/97

T11S, R15E, S.L.B.&M.

Set Marked
Stone, Pile
of Stones



LEGEND:

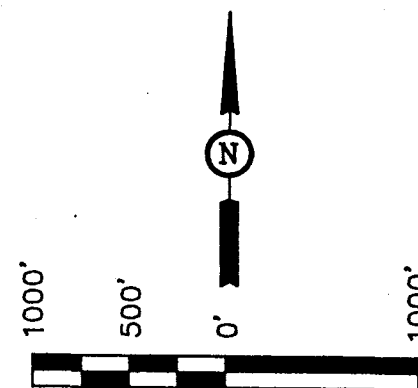
- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

SEGO RESOURCES

Well Location, WELL #2, located as shown in the SW 1/4 NE 1/4 of Section 23, T11S, R15E, S.L.B.&M. Duchesne County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION AT THE NORTHEAST CORNER OF SECTION 29, T11S, R16E, S.L.B.&M. TAKEN FROM THE COWBOY BENCH, QUADRANGLE, UTAH, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6404 FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

ROBERT L. HODGENTHAL
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(801) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 08-04-97	DATE DRAWN: 08-12-97
PARTY G.S. J.W. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE SEGO RESOURCES	

FORM 3160-3

(July 1992)

SUBMIT IN TRIPLICATE*

FORM APPROVED

OMB NO. 1004-0136

Expires: February 26, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

5. Lease Designation and Serial No.

UTU76478

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

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8-1/2"	5-1/2" J-55	15.5	6500' Production	345 SKS 50:50 Poz Class "G"

Sego Resources Corp. proposes to drill, test and complete the Sego Resources Well #2 as a vertical well in the Wasatch formation. Please reference the accompanying Drilling Program. BLM Right of Way is not required. Operations for this well will be conducted under a Statewide Bond. Because of terrain, Sego is requesting an exception location for the #2 well.

RECEIVED
 SEP 15 1997

Please consider all submittals pertaining to this well "Company Confidential".

If additional information is required, please contact the undersigned at (801) 789-7250, FAX (801) 789-7261

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM. If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED: Roger Alinger *Roger Alinger* TITLE: CEO

(This space for Federal or State office use)

CONDITIONS OF APPROVAL ATTACHED

PERMIT NO. **NOTICE OF APPROVAL**

APPROVAL DATE _____

Applicant approval does not warrant or imply that the applicant holds valid or ascertainable title or interest in the subject land or mineral rights or that the applicant is a duly qualified person or company.

CONDITIONS OF APPROVAL, IF ANY.

Approved by *[Signature]*

ACTING Assistant Field Manager
 Mineral Resources

Date **OCT 1 1997**

The U.S. Bureau of Land Management does not warrant or imply that any person holding title or interest in the subject land or mineral rights or that the applicant is a duly qualified person or company.

44080-700-428

SEGO RESOURCES CORP.
SEGO RESOURCES WELL #2
SW/NE SECTION 23, T11S, R15E
DUCHESNE COUNTY, UTAH

DRILLING PROGRAM

1. Estimated tops of important geologic markers:

Ground Level	6729.9' graded
Green River	Surface to 3694'
Wasatch	3694' to T.D.

2. Estimated depths of anticipated water, oil, gas or minerals:

<u>Mineral</u>	<u>Formation</u>	<u>Depth</u>
Natural gas	Wasatch	5824'

Fresh water Fresh water aquifers will be protected with surface casing set at 650'.
All potentially productive usable water, hydrocarbons, and other
mineral zones will be protected with casing and cement.

3. Proposed casing program:

8 5/8", J-55, 24.0# ST&C set at 650' KB (new)—centralizers will be used on the bottom 3 joints
5 1/2", J-55, 15.5# LT&C set at 6500' (TD) (new)—centralizers will be used across the pay zone

4. Minimum specifications for pressure control:

1. The BOP and related equipment will meet or exceed the requirements of a 2M psi system as set forth in Onshore Order No. 2.
2. The BOP and related well control equipment will be pressure tested to rated pressure or 70% of internal yield of surface casing (2065 psi) when initially installed and whenever any seal subject to pressure test is broken.
3. Pipe and blind rams will be functioned each trip (max. once/day); annular preventers weekly.

5. Mud System: The following is meant as a guide only. Actual mud weights will be determined by hole conditions. Sufficient quantities of mud materials will be maintained or readily accessible for assuring well control.

<u>Interval</u>	<u>Mud Weight PPG</u>	<u>Viscosity SEC</u>	<u>Fluid Loss CC</u>	<u>Remarks</u>
0 – 650'	8.4 – 8.9	27 – 45	No control	Fresh water native mud w/high viscosity sweeps
650' – 3000'	8.4 – 8.9	27 – 45	No control	Fresh water native mud w/high viscosity sweeps
3000' - 6500'	8.4 – 8.9	35 – 45	10 – 12	PHPA polymer

6. Testing, Logging, and Coring Program

Cores-DST's: None anticipated at this time.

Surveys: Deviation surveys will be taken at 325' and TD of surface pipe (+/- 650'). Max. deviation of 2 deg. at casing point and no more than 1 deg. change between surveys. Deviation surveys to be taken at 500' intervals from surface casing to TD.

Mud Logger: From 500' above the Wasatch to TD. Sample frequency to be determined later.

Logging:	AIT, GR	TD to surface casing shoe
	LDT, CNL, MSFL, Cal	TD to 3500'
	Dipole Sonic	To be determined
	Magnetic Resonance	To be determined

7. Cementing Program

Surface Pipe: Will be cemented with 155 sacks of 50:50 POZ "C" with 10% bentonite, plus additives (yield approximately 2.94 cu-ft per sack) followed by 85 sacks of Class "G" cement plus additives (yield approximately 1.17 cu-ft per sack). Total quantity is 100% excess based on 8 5/8" casing in a 12 1/4" hole. In the event cement does not circulate to surface or fall back of the cement column occurs, a top out cement job will be done to bring cement back to surface.

Production String: Estimated volume is 345 sacks of 50:50 POZ "G" (yield approximately 1.25 cu-ft per sack). Volume is based on 10% excess over quantity required for 2200 feet of coverage with 5 1/2" casing in a 7 7/8" hole. Actual volumes will be determined from the caliper log.

8. Abnormal Conditions/Expected BHP

No abnormal pressures are anticipated in the Tertiary Green River or Wasatch formations. As such, bottom hole pressures are expected to be less than 2900 PSI. There has been no indication of H2S in any wells drilled in the area.

9. Other Information

The Vernal District BLM office (801) 789-1362 is to be notified:

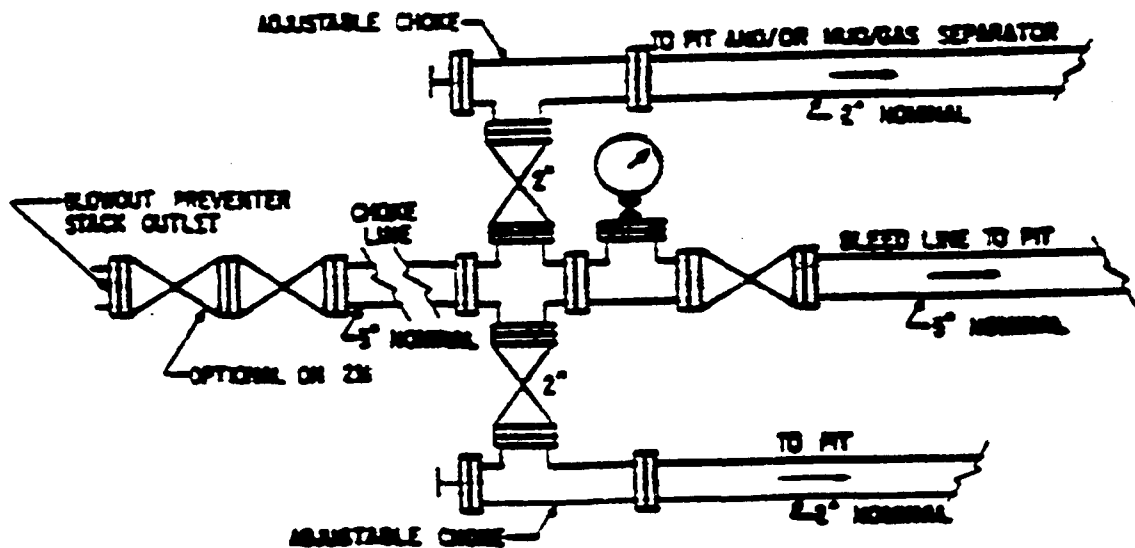
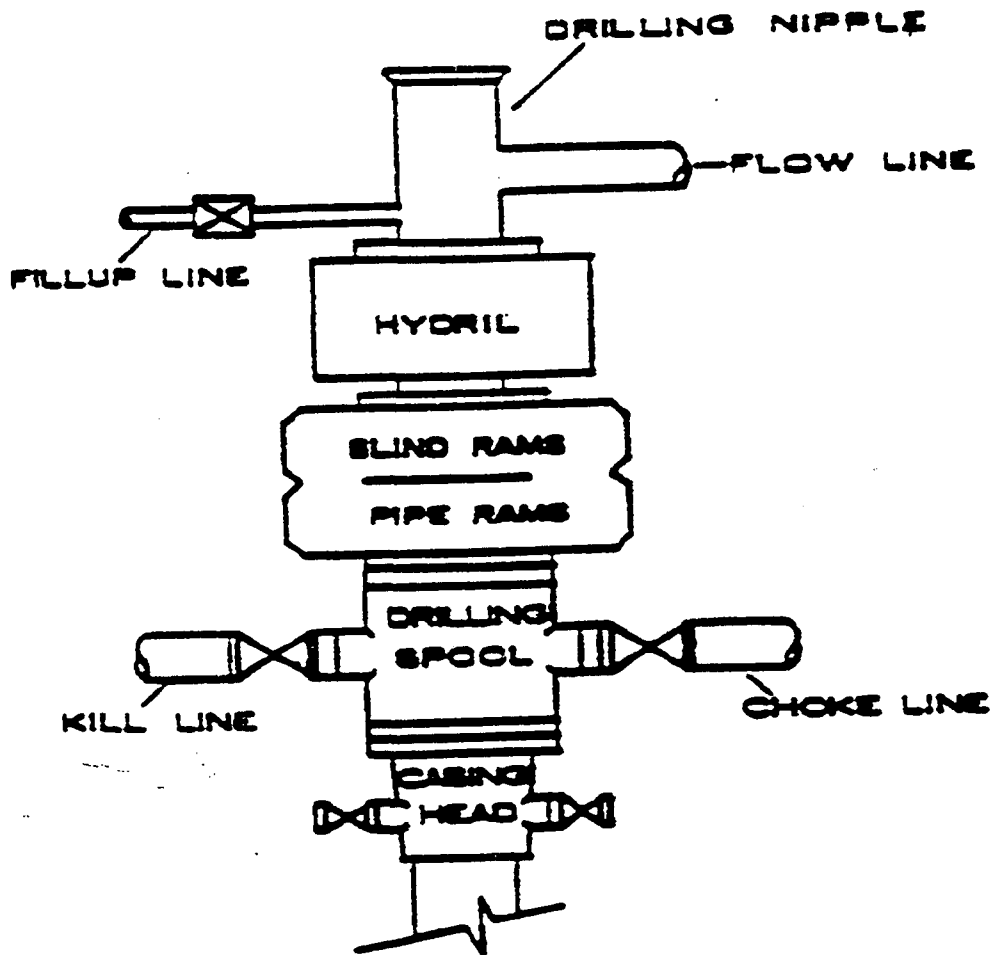
- 48 hours prior to construction of location and access roads
- prior to moving the drilling rig on location
- at least 24 hours prior to spudding the well
- at least 24 hours prior to running casing and cementing all casing strings
- 24 hours prior to initiating pressure tests on BOP equipment

Should it be necessary to make after hour's notification, one of the following individuals will be contacted:

- | | |
|-----------------|----------------|
| - Ed Forsman | (801) 789-7077 |
| - Wayne Bankert | (801) 789-4170 |
| - Jerry Kenczka | (801) 781-4410 |

2M SYSTEM

BOP STACK



Sego Resources Corp.

Well name:	Sego Resources Wells # 1 thru 4	
Operator:	Sego Resources	
String type:	<u>Surface</u> 650'	
AFE No.:	Project ID: 6500' Wasatch Wells	
Location:	Uinta Basin, Utah	

Design parameters:

Collapse

Mud weight: 9.00 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse

Design factor 1.125

Environment:

H2S considered? No
Surface temperature: 80.00 °F
Bottom hole temperature: 144 °F
Temperature gradient: 1.30 °F/100ft
Minimum section length: 150 ft

Burst

Design factor 1.00

Burst

Max anticipated surface pressure 226 psi
Internal gradient: 0.439 psi/ft
Calculated BHP 304 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.

Neutral point: 562 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	650	8.625	24.00	J-55	ST&C	650	650	7.972	31.3
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	304	1370	4.51	304	2950	9.71	13	244	18.08J

Prepared by: Roger Alinger
Sego Resources

Phone: (801) 789-7250
FAX: (801) 789-7281

Date: Sept. 5, 1997
Vernal, Utah

Remarks:

Collapse is based on a vertical depth of 650 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Casing2 designed by Lone Star Steel and Mauer Engineering, Inc.

Engineering responsibility for use of this design will be that of the purchaser.

Sego Resources Corp.

Well name:	Sego Resources Wells # 1 thru 4	
Operator:	Sego Resources	
String type:	Production	Project ID:
AFE No.:	All 6500' Wasatch wells	6500' Wasatch Well
Location:	Uinta Basin, Utah	

Design parameters:

Collapse

Mud weight: 9.00 ppg

Design is based on evacuated pipe.

Minimum design factors:

Collapse

Design factor 1.125

Environment:

H2S considered? No

Surface temperature: 60.00 °F

Bottom hole temperature: 144 °F

Temperature gradient: 1.30 °F/100ft

Minimum section length: 150 ft

Burst:

Design factor 1.00

Burst

Max anticipated surface pressure 3,556 psi

Internal gradient: 0.440 psi/ft

Calculated BHP 6,416 psi

Annular backup: 8.34

Tension:

8 Round STC: 1.80 (J)

8 Round LTC: 1.80 (J)

Buttress: 1.60 (J)

Premium: 1.50 (J)

Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.

Neutral point: 5,615 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	6500	5.5	15.50	J-55	LT&C	6500	6500	4.825	203.8
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	3039	4040	1.33	3599	4810	1.34	87	217	2.49 J

Prepared by: Roger Alinger
Sego Resources

Phone: (801) 789-7250
FAX: (801) 789-7281

Date: Sept. 9, 1997
Vernal, Utah

Remarks:

Collapse is based on a vertical depth of 6500 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes.

Collapse strength is based on the Westcott, Dunko & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Casing2 designed by Lone Star Steel and Mauer Engineering, Inc.

Engineering responsibility for use of this design will be that of the purchaser.

SEGO RESOURCES CORP.
SEGO RESOURCES WELL #2
SW/NE SECTION 23, T11S, R15E
DUCHESNE COUNTY, UTAH

SURFACE USE PROGRAM

1. Existing Roads

See attached "topo A" and "topo B".

2. Planned access Roads

The planned access road is immediately adjacent to the East Wrinkles Road connecting Sand Wash with Gate Canyon. The access road will have a running surface of 18 feet and a maximum disturbed width of 30 feet. Because of the short length of road and flat terrain there will be no turnouts, gates, cattleguards, cuts, fills or grade concerns.

3. Location of Existing Wells

There are no known wells of any type within a one-mile radius of location.

4. Location of Existing and Proposed Facilities

There are no existing facilities on the site.

If the well is completed as a producer, a request for approval of subsequent operations will be made for production equipment and flowlines.

All permanent structures built or installed on the site will be painted Carlsbad Canyon (2.5Y 6/2).

5. Location and Type of Water Supply

Jim Nebeker Trucking will provide water from their water well in S34-T3S-R2W. The water permit number is 43-1721. Additional water may be obtained from private water rights in Nine-Mile Canyon. If this is done, a sundry notice will be sent to the BLM.

6. Source of Construction Materials

See attached *Location Layout*. All materials for construction will be obtained on-site.

7. Methods for Handling Waste Disposal

All drill cuttings will be contained and buried in the reserve pit shown on the *Location Layout*. The pit will be unlined unless it is determined during construction that leakage from the pit is likely. If it is determined a liner is necessary, it will be a 12 mil plastic/nylon material underlain by sufficient bedding to protect the liner from tearing. No trash or material that might puncture the liner will be disposed of in the pit.

All drilling fluids including salts and chemicals will be contained in the reserve pit. After completion of the well, drilling fluids will be either moved to the next location for use or left in the pit until sufficient evaporation has occurred to backfill the pit. If it appears the evaporation process will take longer than 6 months, the drilling fluid will be hauled to an approved disposal facility.

A portable toilet will be furnished for onsite personnel.

A trash basket will be provided on location for garbage and other waste material. At the end of drilling operations, the trash basket will be hauled to an approved disposal site. Trash will not be burned on location.

No hazardous materials in an amount greater than 10,000 pounds will be used, stored, produced, transported, or disposed of annually in association with the drilling, testing, or completing of the well. In addition extremely hazardous substances as defined in 40 CFR 355, in threshold planning quantities, will not be used, produced, stored, transported, or disposed of in association with the drilling, testing, or completing of this well.

After first production, produced water will be confined to the reserve pit for a period not to exceed ninety days. During the ninety day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the Authorized Officers approval.

8. Ancillary Facilities

No camp facilities will be used for drilling personnel. Trailers for the toolpusher and drilling superintendent are anticipated.

9. Well Site Layout

See the attached *Location Layout* for the location of all equipment and *Cross Section* for the projected cut and fill necessary on the location.

The reserve pit will be fenced according to the following minimum standards:

- a. 39-inch net wire will be used with at least one strand of barbed wire on top of the net wire.
- b. The net wire will be no more than 2 inches above the ground. The barbed wire will be 3 inches above the net wire. Total height of the fence will be at least 42 inches.
- c. Corner posts will be cemented and/or braced in such a manner as to keep the fence tight at all times.
- d. Standard steel, wood, or pipe posts will be used between the corner braces. The maximum distance between any two posts will be no greater than 16 feet.
- e. All wire will be stretched, by using a stretching device, before it is attached to the corner posts.

The reserve pit fencing will be on three sides during drilling operations and on the forth side when the rig moves off location. Pits will be fenced and maintained until clean up.

10. Plan for Restoration of Surface

a. *Producing Location*

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash, and junk not required for production.

Immediately upon well completion, any hydrocarbons on the pit will be removed in accordance with 43 CFR 3162.7-1.

If a plastic nylon liner is used, it will be torn and perforated before backfilling the reserve pit.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 120 days from the date of well completion, weather permitting. Before any dirt work begins on the pit, all fluids will be removed.

b) *Dry Hole/Abandoned Location*

At such time as the well is plugged and abandoned, Sego will submit a subsequent report of abandonment and the B.L.M. will attach the appropriate surface rehabilitation conditions of approval.

11. Surface Ownership

Access Road: BLM Land
Location: BLM Land

12. Other Additional Information

- a. Sego Resources is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, Sego will immediately stop work that might further disturb such materials, and contact the Authorized Officer. Grand River Institute has previously submitted a *Summary Report of Inspection for Cultural Resources* to the BLM. There was no finding of cultural resources.
- b. Sego Resources will control noxious weeds along the rights-of-way for roads, pipelines, well sites, and other applicable facilities. On BLM administered land a Pesticide Use Proposal will be submitted, and approval obtained, before application of herbicides or other pesticides.
- c. Drilling rigs and/or equipment used during drilling operations on this wellsite will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization.

- d. Item 9. in the Drilling Program has notification requirements that will be met.
- e. A complete copy of the approved APD, if applicable, will be on location during the construction of location and during drilling activities.

13. Lessee's or Operators Representative and Certification

Representative

Name: Roger L. Alinger

Address: P.O. Box 1066, 266 West 100 North #1, Vernal, Utah 84078

Telephone No. (801) 789-7250

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are true and correct to the best of my knowledge; and, that the work associated with the operations proposed here will be performed by Sego Resources and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

9/16/97
Date

Roger Alinger
Roger Alinger
Area Manager

Onsite Date: September 8, 1997

Participants on Joint Inspection

• Byron Tolman	BLM
• Ron Trostad	BLM
• Jean Sinclair	BLM
• Steve Strong	BLM
• Jim Justice	J-West Oilfield Service
• Henry Pehacek	J-West Oilfield Service
• Robert Kay	Uintah Engineering & Land Surveying
• Logan MacMillan	Sego Resources
• Roger Alinger	Sego Resources

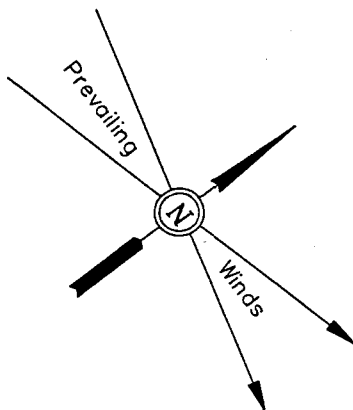
SEGO RESOURCES

LOCATION LAYOUT FOR

WELL #2

SECTION 23, T11S, R15E, S.L.B.&M.

2430' FNL 2182' FEL



GRADE
El. 29.9'

F-1.6' Proposed Access
Road
El. 28.3'

F-2.0'
El. 27.9'

Sta. 3+10

SCALE: 1" = 50'
DATE: 08-12-97
Drawn By: D.R.B.
Revised: 09-09-97 D.R.B.

NOTE:

Flare Pit is to be located a min. of 100' from the Well Head.

FLARE PIT

Pit Topsoil Stockpile

C-1.4'
El. 31.3'

El. 34.0'
C-12.1'
(btm. pit)

Reserve Pit Backfill & Spoils Stockpile

NOTE:
Pit Capacity W/2' of Freeboard is ±4,600 Bbls.

El. 34.8'
C-12.9'
(btm. pit)

El. 31.1'
C-1.2'

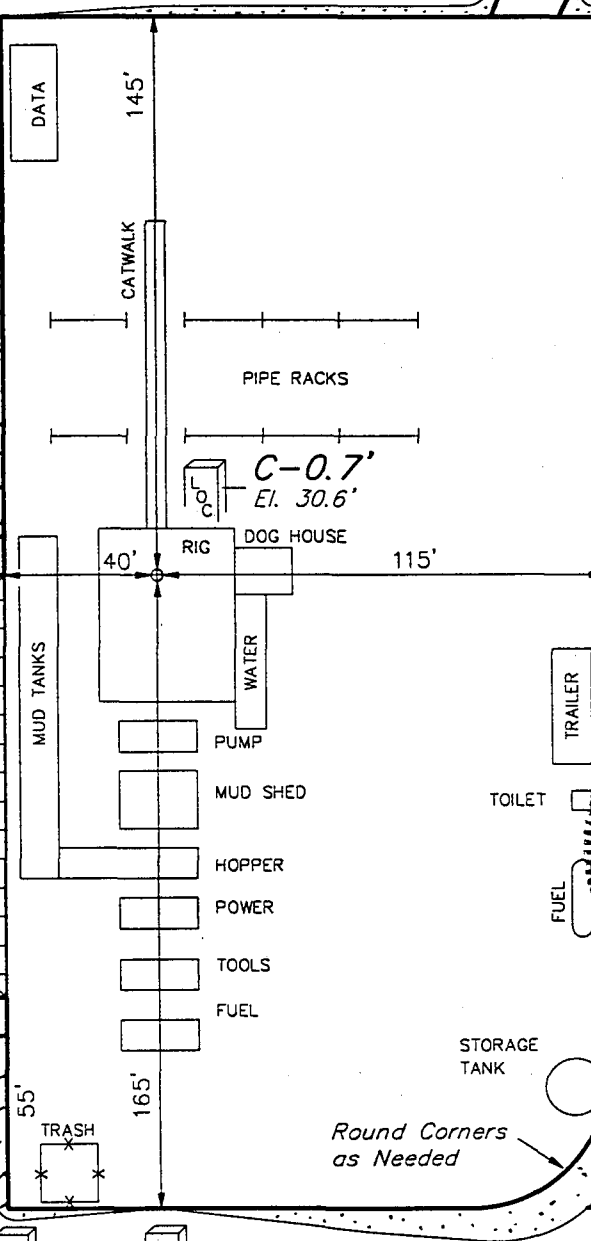
Approx. Top of Cut Slope

El. 32.0'
C-2.1'

GRADE
El. 29.9'

F-5.2'
El. 24.7'

Sta. 0+00

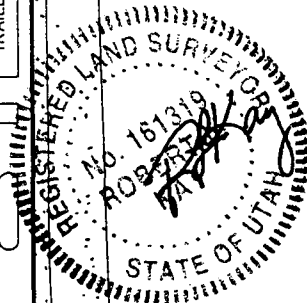


Topsoil Stockpile

Existing Road

Sta. 1+65

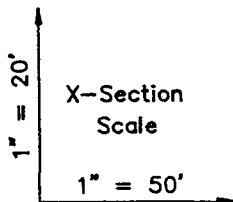
F-2.3'
El. 27.6'



Approx. Toe of Fill Slope

Elev. Ungraded Ground at Location Stake = 6730.6'
Elev. Graded Ground at Location Stake = 6729.9'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (801) 789-1017



SEGO RESOURCES

TYPICAL CROSS SECTIONS FOR

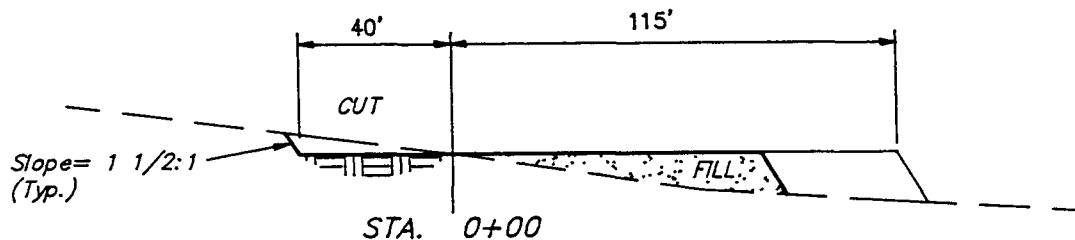
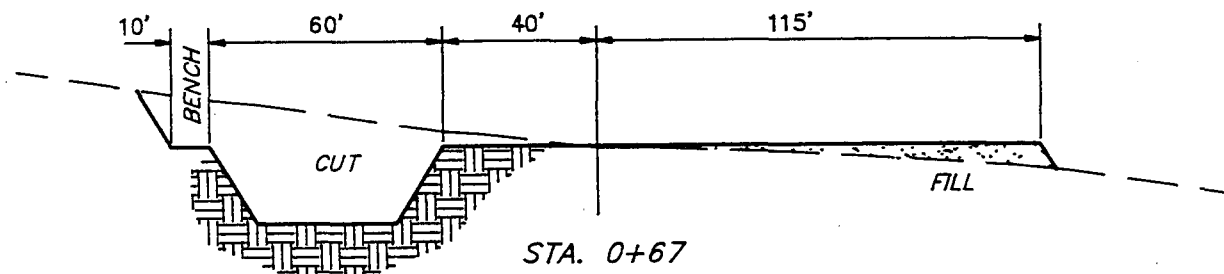
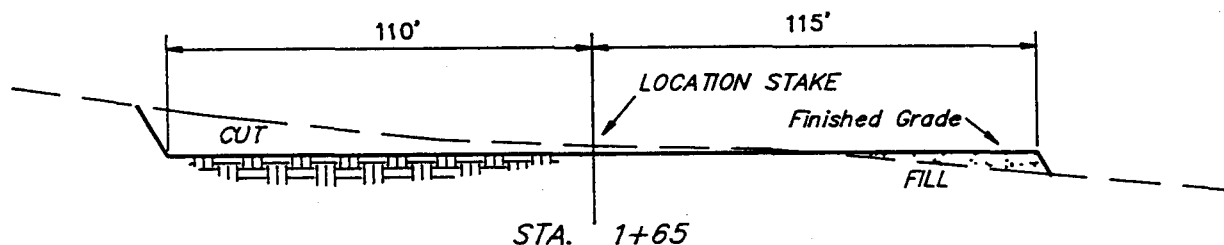
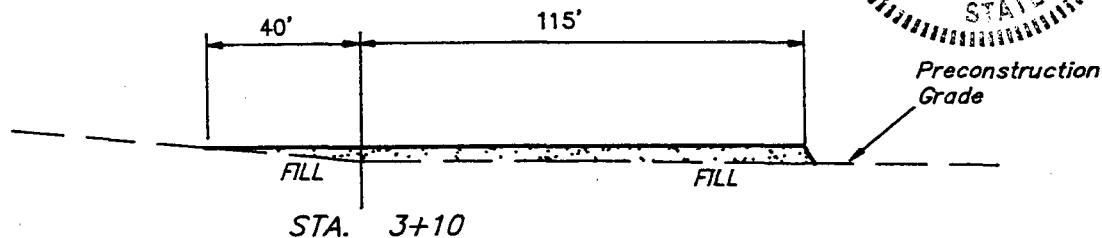
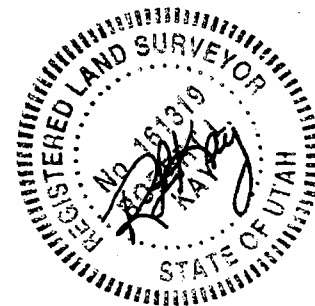
WELL #2

SECTION 23, T11S, R15E, S.L.B.&M.

2430' FNL 2182' FEL

DATE: 08-12-97

Drawn By: D.R.B.

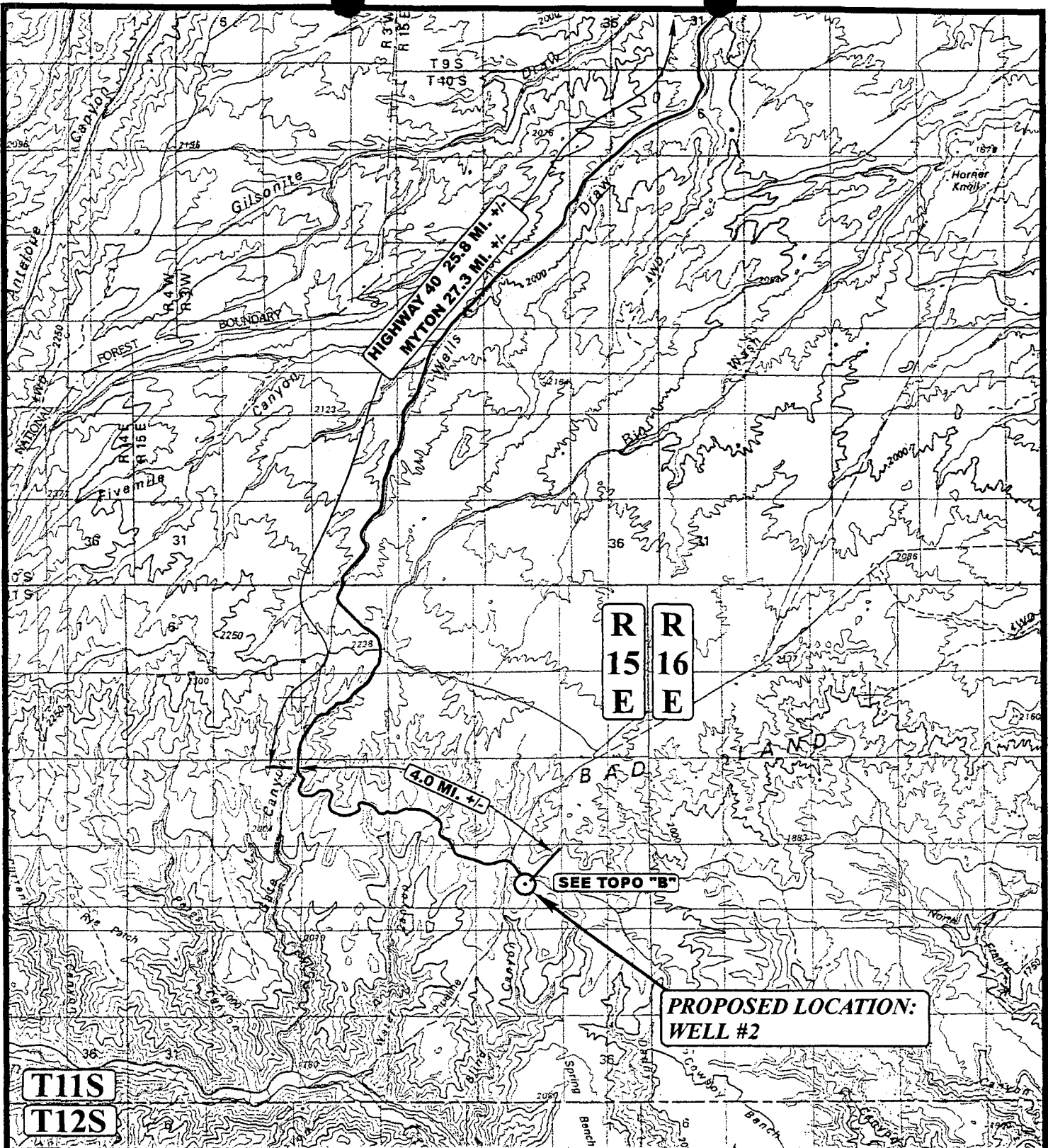


APPROXIMATE YARDAGES

(6") Topsoil Stripping	=	1,010 Cu. Yds.
Remaining Location	=	2,770 Cu. Yds.
TOTAL CUT	=	3,780 CU.YDS.
FILL	=	1,970 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	=	1,710 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	=	1,710 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	=	0 Cu. Yds.

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85 So. 200 East • Vernal, Utah, 84078 • (801) 789-1017



LEGEND:

○ PROPOSED LOCATION



SEGO RESOURCES

WELL #2

SECTION 23, T11S, R15E, S.L.B.&M.
2430' FNL 2182' FEL



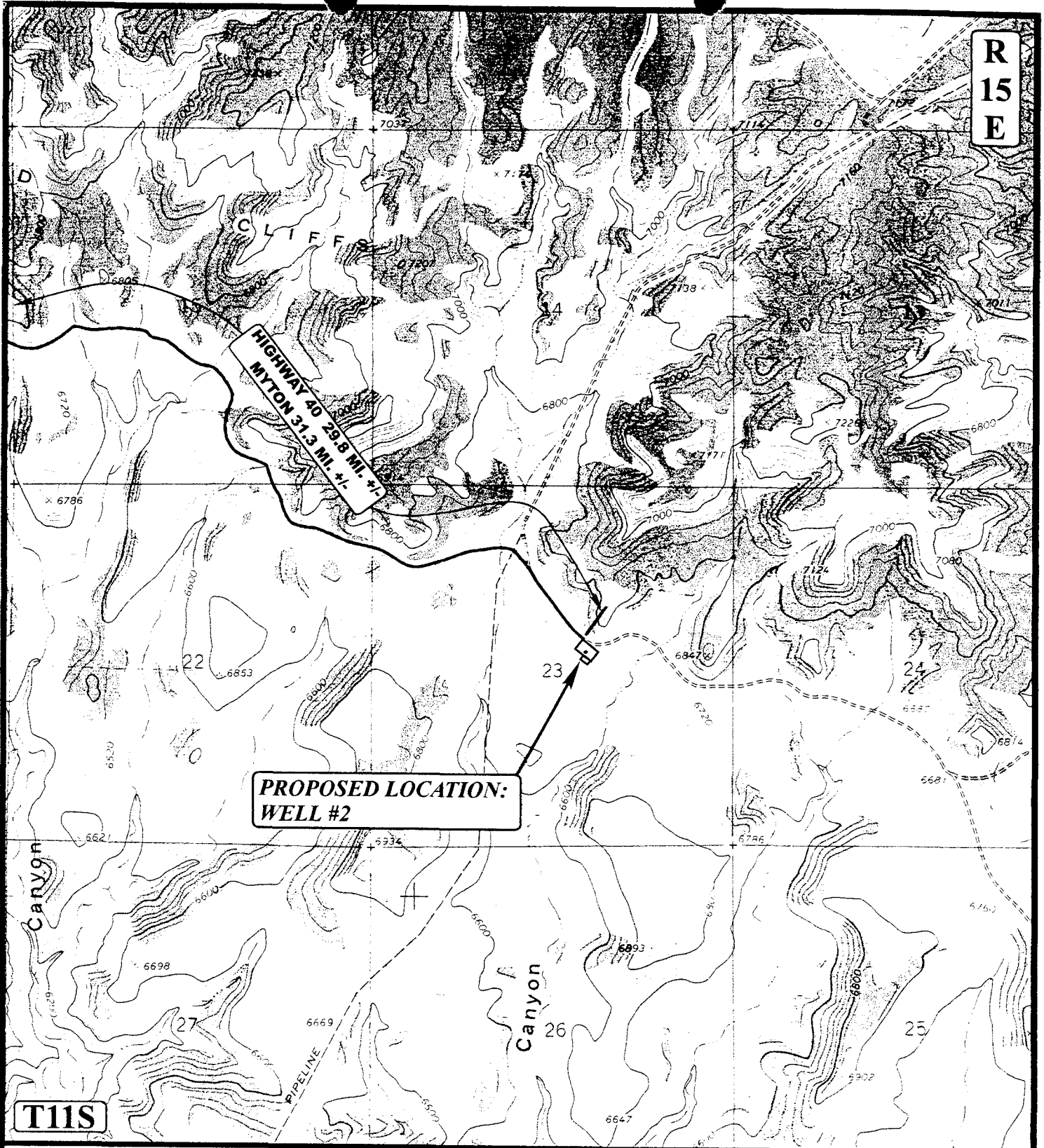
Utah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(801) 789-1017 * FAX (801) 789-1813
Email: uels@easilink.com

TOPOGRAPHIC
MAP

8 12 97
MONTH DAY YEAR

SCALE: 1 : 100,000 DRAWN BY: D.COX REVISED: 00-00-00





T11S

LEGEND:

--- PROPOSED ACCESS ROAD
 — EXISTING ROAD



SEGO RESOURCES

WELL #2

**SECTION 23, T11S, R15E, S.L.B.&M.
 2430' FNL 2182' FEL**



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (801) 789-1017 * FAX (801) 789-1813
 Email: uels@easilink.com

**TOPOGRAPHIC
 MAP**

8 12 97
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: D.COX REVISED: 00-00-00



SEGO RESOURCES

September 24, 1997

SELF-CERTIFICATION STATEMENT

Please be advised that Sego Resources Corp. is the operator of Sego Resources Well No. 2; SW/4, NE/4, Section 23, Township 11 South, Range 15 East; Lease UTU 76478, Duchesne County, Utah; and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage is provided by American Casualty Company under their Bond Number 158577991.


Chief Executive Office

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 09/18/97

API NO. ASSIGNED: 43-013-31947

WELL NAME: SEGO RESOURCES #2

OPERATOR: SEGO RESOURCES CORP (N6095)

PROPOSED LOCATION:

SWNE 23 - T11S - R15E

SURFACE: 2430-FNL-2182-FEL

BOTTOM: 2430-FNL-2182-FEL

DUCHESNE COUNTY

WILDCAT FIELD (001)

LEASE TYPE: FED

LEASE NUMBER: UTU - 76478

PROPOSED PRODUCING FORMATION: WSTC

INSPECT LOCATION BY: / /

TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface		

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Federal ☒ State ☐ Fee ☐
(Number 25,000 BLANKET SURETY)
☒ Potash (Y/N)
☒ Oil shale (Y/N)
☒ Water permit
(Number 43-1721)
☒ RDCC Review (Y/N)
(Date: _____)

LOCATION AND SITING:

___ R649-2-3. Unit: _____
___ R649-3-2. General.
☒ R649-3-3. Exception.
___ Drilling Unit.
___ Board Cause no: _____
___ Date: _____

COMMENTS: TOPO GRAPHIC EXCEPTION REQUESTED LAND OWNERSHIP

MAP INCLUDED, EXC. loc. OK

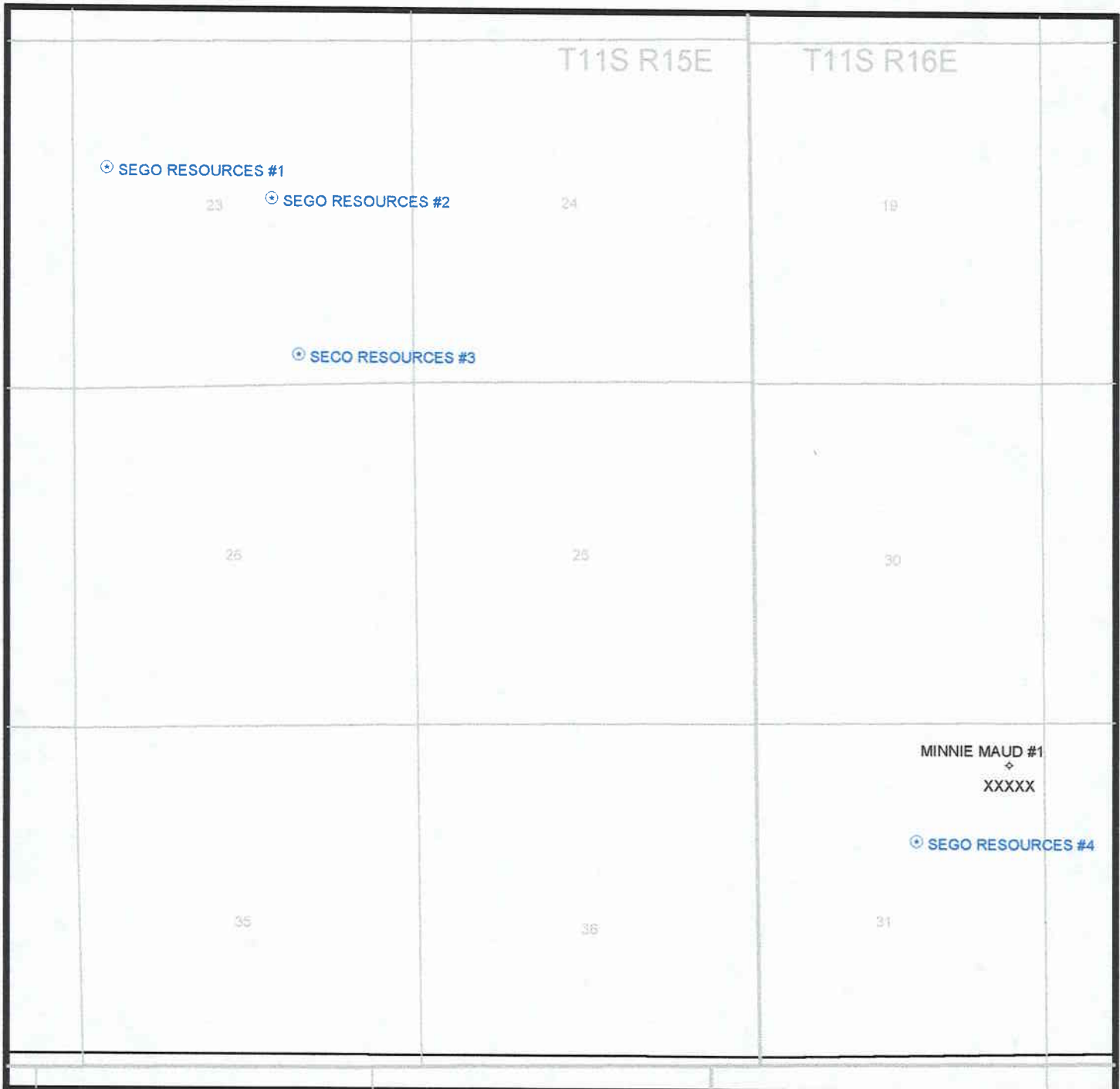
STIPULATIONS: _____

OPERATOR: SEGO RESOURCES (N)

FIELD: WILDCAT (001)

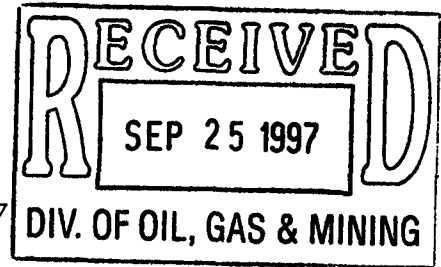
SEC, TWP, RNG: 23, T11S, R15E, & 31, T11S, R16E

COUNTY: DUCHESNE UAC: R649-3-2 & 649-3-3



PREPARED:
DATE: 22-SEP-97

SEGO RESOURCES



September 24, 1997

Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Attention: Mr. John Baza

RE: EXCEPTION LOCATION

Enclosed are plats showing the proposed exception location for the Sego Resources Well #2. Sego currently has leased all of Sec. 23, T11S, R15E with the exception of the 40 acres comprising the SE/4 of the SW/4. As such, there are no other lessee's within 460' of the proposed exception location. As indicated on the APD the location exception is being requested for topographical reasons. In order to stay within a 400' box around the center of the quarter section, a major cut of the hillside, as shown on "B topo" attached to the drilling permit, would be necessary.

I am faxing this information and will put the originals in the mail to you. Please contact me at the number shown below if anything else is needed.

Regards,

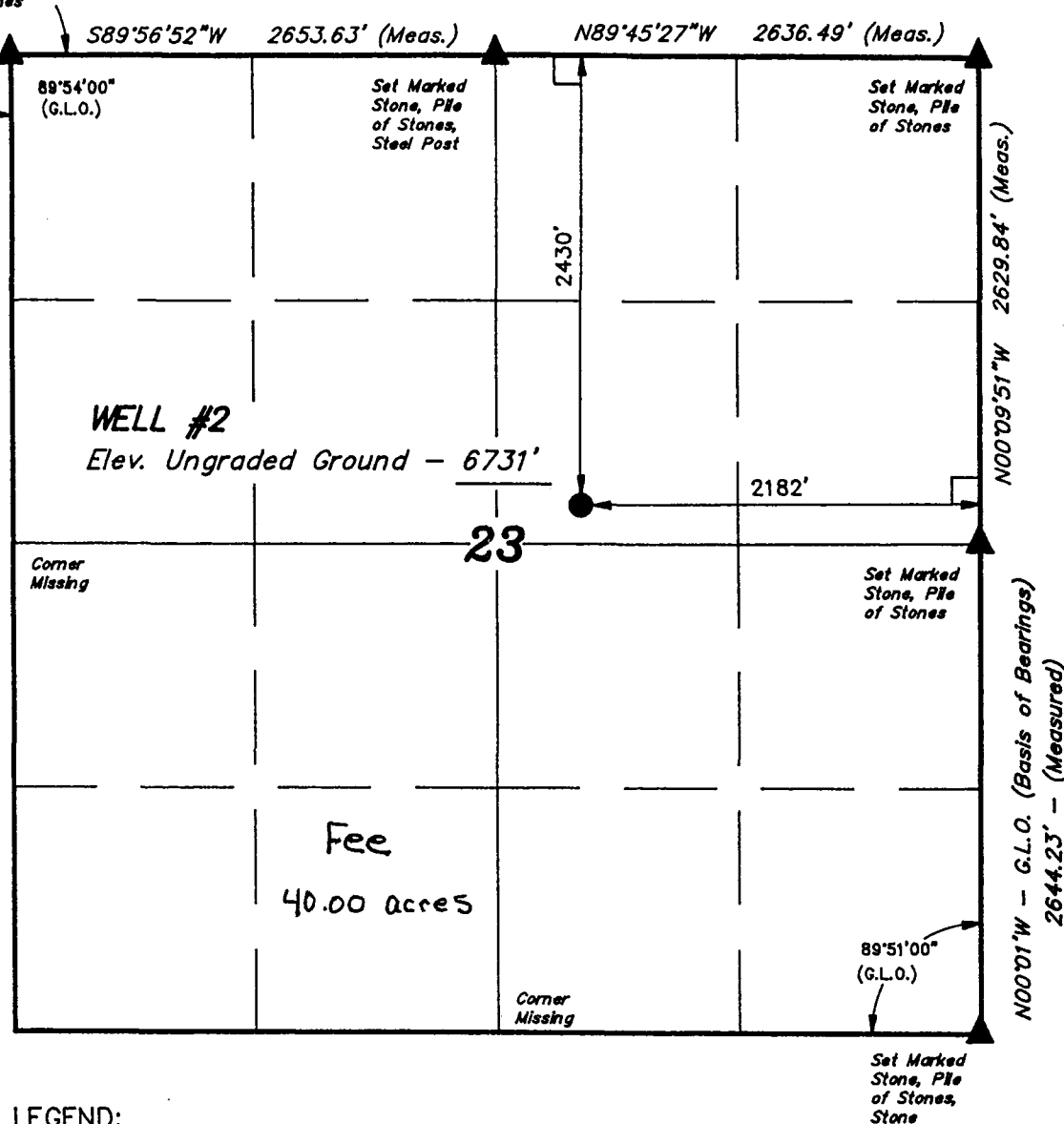
Roger S. Alinger
Roger L. Alinger

P.O. BOX 1066, 266 WEST 100 NORTH SUITE #1 • VERNAL/UTAH • 84078

PHONE: (801) 789-7250 • FAX: (801) 789-7261

T11S, R15E, S.L.B.&M.

Set Marked
Stone, Pile
of Stones



LEGEND:

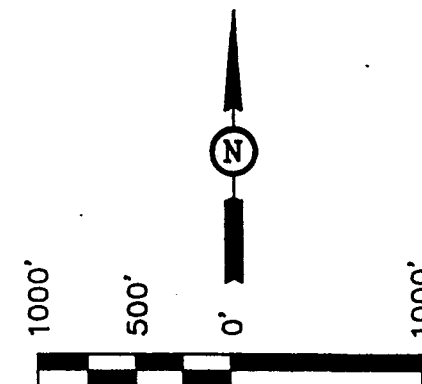
- = 90° SYMBOL
- = PROPOSED WELL HEAD.
- = SECTION CORNERS LOCATED.

SEGO RESOURCES

Well Location, WELL #2, located as shown in the SW 1/4 NE 1/4 of Section 23, T11S, R15E, S.L.B.&M. Duchesne County, Utah.

BASIS OF ELEVATION.

SPOT ELEVATION AT THE NORTHEAST CORNER OF SECTION 29, T11S, R16E, S.L.B.&M. TAKEN FROM THE COWBOY BENCH, QUADRANGLE, UTAH, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6404 FEET.



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Robert L. Taylor
ROBERT L. TAYLOR
REGISTERED LAND SURVEYOR
REGISTRATION NO. 181319
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(801) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 08-04-97	DATE DRAWN: 08-12-97
PARTY G.S. J.W. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE SEGO RESOURCES	

SEGO RESOURCES
Land & Leasehold Disposition
T 11 S, R 15 E, Sec. 23, S.L.B. & M.

UTU 76478
1080.00/1080.00 acres
SEGO RESOURCES, 100 %

2430'

2182'

1597'

fee
40.00 acres

Freed Investments, 50 %
Helen Sharp, 50 %



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

October 14, 1997

Sego Resources Corporation
266 West 100 North, Suite #1
Vernal, Utah 84078

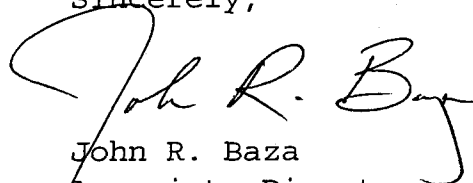
Re: Sego Resources #2 Well, 2430' FNL, 2182' FEL, SW NE,
Sec. 23, T. 11 S., R. 15 E., Duchesne County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-013-31947.

Sincerely,


John R. Baza
Associate Director

lwp

Enclosures

cc: Duchesne County Assessor
Bureau of Land Management, Vernal District Office

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

5. Lease Designation and Serial No.
UTU76478

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒ **DEEPEN** ☐

b. TYPE OF WELL OIL WELL () GAS WELL (X) OTHER () SINGLE ZONE () MULTIPLE ZONE ()

2. Name of Operator

Sego Resources Corp.

3. Address and Telephone Number

266 West 100 North Suite #1 Vernal, Utah 84078
Telephone (801) 789-7250

4. LOCATION OF WELL (Report location clearly and accordance with any State requirements.)

At Surface **2430' FNL 2182' FEL, Sec. 23, T11S, R15E**

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

20 miles south of Myton, Utah

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT. **2182'**

(Also nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE

1080

18. DISTANCE FROM PROPOSED LOCATION

TO NEAREST WELL, DRILLING, COMPLETED

OR APPLIED FOR, ON THIS LEASE, FT. **2408'**

19. PROPOSED DEPTH

6500'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

GR 6731'

6. If Indian, Allottee or Tribe Name

NA

7. Unit Agreement Name

NA

8. FARM OR LEASE NAME, WELL NO.

Sego Resources Well #2

9. API Well No.

10. Field And Pool, or Wildcat

Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA

Sec. 23, T11S, R15E, S.L.B.&M.

12. COUNTY OR PARISH

Duchesne

13. STATE

Utah

17. NO. OF ACRES ASSIGNED TO THIS WELL

80

20. ROTARY OR CABLE TOOLS

Rotary

22. APPROX. DATE WORK WILL START

15-Nov-97

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8" J-55	24	650' Surface	155 SKS 50:50 Poz "C" + 85 SKS "G"
8-1/2"	5-1/2" J-55	15.5	6500' Production	345 SKS 50:50 Poz Class "G"

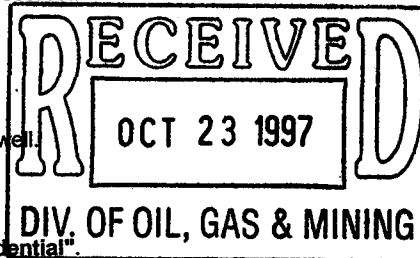
Sego Resources Corp. proposes to drill, test and complete the Sego Resources Well #2 as a vertical well in the Wasatch formation

Please reference the accompanying Drilling Program

BLM Right of Way is not required

Operations for this well will be conducted under a Statewide Bond.

Because of terrain, Sego is requesting an exception location for the #2 well.



RECEIVED
 SEP 15 1997

Please consider all submittals pertaining to this well "Company Confidential".

If additional information is required, please contact the undersigned at (801) 789-7250, FAX (801) 789-7261

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED: Roger Alinger

TITLE: CEO

DATE:

9/16/97

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

CONDITIONS OF APPROVAL ATTACHED

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

Approved by

ACTING
 Assistant Field Manager
 Title **Mineral Resources**

OCT 1 1997
 Date

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DOGMA + 780-777-468

Operator: Sego Resources Corporation
Well Name & Number: Sego Resources #2
API Number: 43-013-31947
Lease: UTU-76478
Location: SW NE Sec. 23 T. 11 S. R. 15 E.

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. Notification Requirements

Notify the Division within 24 hours following spudding the well or commencing drilling operations. Contact Jim Thompson at (801)538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact John R. Baza (801)538-5334.

3. Reporting Requirements

All required reports, forms and submittals shall be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Sego Resources Corporation

Well Name & Number: Sego Resources Well #2

API Number: 43-013-31947

Lease Number: U -76478

Location: SWNE Sec. 23 T. 11S R. 15E

NOTIFICATION REQUIREMENTS

- | | | |
|---------------------------------|---|---|
| Location Construction | - | at least forty-eight (48) hours prior to construction of location and access roads. |
| Location Completion | - | prior to moving on the drilling rig. |
| Spud Notice | - | at least twenty-four (24) hours prior to spudding the well. |
| Casing String and Cementing | - | at least twenty-four (24) hours prior to running casing and cementing all casing strings. |
| BOP and Related Equipment Tests | - | at least twenty-four (24) hours prior to initiating pressure tests. |
| First Production Notice | - | within five (5) business days after new well begins, or production resumes after well has been off production for more than ninety (90) days. |

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to Tim Ingwell of this office **prior to setting the next casing string or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **2M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint.

In addition, to the cementing proposal for the surface casing, a minimum of 200 ft. of Class G neat cement shall be placed from 200 ft. to surface in the 8 5/8 in. X 12 1/4 in annulus.

As a minimum, the usable water resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the base of the usable water, identified at 4,801 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the AO. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vaporproof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

A cement bond log (CBL) will be run from the production casing shoe to the top of the cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3, and 3162.7-4 shall be submitted to the appropriate District Office within thirty (30) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All off-lease storage, off-lease measurement, or commingling onlease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted on initial meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, please contact one of the following individuals:

Ed Forsman	(801) 789-7077
Petroleum Engineer	

Wayne P. Bankert	(801) 789-4170
Petroleum Engineer	

Jerry Kenczka	(801) 789-1190
Petroleum Engineer	

BLM FAX Machine	(801) 781-4410
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EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids.

SURFACE USE PROGRAM
Conditions of Approval (COAs)

-Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989).

-The road shall be constructed/upgraded to meet the standards of the anticipated traffic flow and all-weather road requirements. Construction/upgrading shall include ditching, draining, and crowning (2 to 3%). Graveling or capping the roadbed will be required as necessary to provide a well constructed safe road. Prior to construction/upgrading, the proposed road surface or existing road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Should mud holes develop, they shall be filled in to prevent detours. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. When snow is removed from the road during the winter months, the snow shall be pushed outside of the burrow ditches and the turn outs shall be kept clear so that when the snow melts the water will be channeled away from the road.

-If the well becomes a producing well the following stipulations will apply:

1. If a condensate tank is installed, it will be a low profile tank.
2. The location topsoil pile will be broadcast seeded with the following seed mix:

Winterfat	Ceratoides lanata	6 lbs/acre
Needle and Tread	Stipa comata	8 lbs/acre
Shadscale	Atriplex confertifolia	6 lbs/acre
Blue grama	Bouteloua gracilis	4 lbs/acre
3. The reserve pit will be filled, recontoured, topsoil respread, and then seeded with the same seed mix stipulated above. If the seed is drilled on the reserve pit, the poundage can be cut in half. All seed shall be pure live seed.

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Date: 1/15/98 Signed: JLT

(June 1990)

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT TO DRILL --" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well:

OIL ☐GAS ☐☒OTHER: ☐

2. Name of Operator

Sego Resources Corp.

3. Address and Telephone Number

P.O. Box 1066, 266 W. 100 N. Ste. #1, Vernal, Utah 84078

Telephone (435) 789-7250 Fax (435) 789-7261

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2430' FNL, 2182' FEL, Sec. 23, T11S, R15E, SLB&M

CONFIDENTIAL

FORM APPROVED

Budget Bureau No. 1004-0135

Expires March 31, 1993

5. Lease Designation and Serial No.

UTU76478

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

N/A

8. Well Name and No.

Sego Resources Well #2

9. API Well No.

43-013-31947

10. Field and Pool, or Exploratory Area

Middle Bench Federal Unit

11. County of Parish, State

Duchesne, Utah

12 CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other: Request for extension
	<input checked="" type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

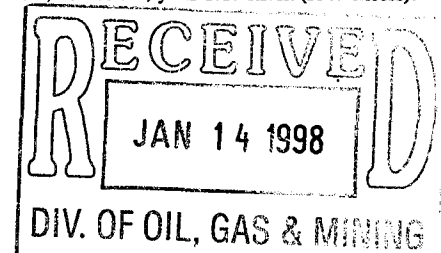
(Note: Report results of multiple completions on Well Completion or Recompletion Report and Log Form)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)*

Confirming verbal approval this date from Mr. Ed Forsman:

Item 1. Hole size for surface pipe to be 11" rather than 12 1/4" and cemented with 200 sks. Of Class "G" cement, 2% CaCl₂, yield 1.17 ft³/sk (33% excess).

Item 2. 7 7/8" wellbore to be drilled to 8000' with a 3M psi BOP system.

CONFIDENTIAL

PLEASE CONSIDER ALL SUBMITTALS PERTAINING TO THIS WELL AS "COMPANY CONFIDENTIAL"

If additional information is needed, please contact the undersigned at (435) 789-7250, FAX (435) 789-7261

14 I hereby certify that the foregoing is true and correct.

Name/Signature: Roger L. Alinger

Roger L. Alinger

Title: CEO Date: January 13, 1998

(This space for Federal or State office use)

Approved by _____

Title _____

Date _____

Conditions of approval (if any):

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Division of Oil, Gas and Mining

PHONE CONVERSATION DOCUMENTATION FORM

Route original/copy to:

☒ Well File _____
SEGO RESOURCES 2
(Loc.) Sec 23 Twp 11S Rng 15E
(API No.) 43-013-31947

☐ Suspense
(Return Date) _____
(To-Initials) _____

☐ Other _____

1. Date of Phone Call: 4-21-98 Time: 11:45

2. DOGM Employee (name) LCORDOVA *lc* (☒ Initiated Call)

Talked to:

Name D. INGRAM (☐ Initiated Call) - Phone No. (435) 722-4568
of (Company/Organization) DOGM/INSPECTOR

3. Topic of Conversation: HAS WELL SPUDDED?

4. Highlights of Conversation:

CONFIRMED THAT THE ABOVE WELL HAS NOT SPUDDED. SPUD REPORTED BY HIM
ON 1-15-98 NEVER HAPPENED. OPERATOR WAS GOING TO SPUD WELL THEN
CHANGED LOCATIONS.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING
ENTITY ACTION FORM - FORM 6

OPERATOR Sego Resources
ADDRESS P.O. Box 1066
266 W 100 N #2
Vernal, UT 84078

OPERATOR ACCT. NO. N 6095

ACTION CODE	CURRENT ENTITY NO.	NEW ENTITY NO.	API NUMBER	WELL NAME	WELL LOCATION				SPUD DATE	EFFECTIVE DATE	
					QQ	SC	TP	RG			COUNTY
A	99999	12349	43-013-31946	Sego Resources Well #1	SW/4 NW/4	23	11S	15E	Duchesne	10/24/97	
WELL 1 COMMENTS: CONFIDENTIAL Entity added 4-17-98. (middle bench unit) <i>fec</i>											
B	99999	12349	43-013-31949	Sego Resources Well #4	SW/4 NE/4	31	11S	16E	Duchesne	10/29/97	
WELL 2 COMMENTS: CONFIDENTIAL Entity added 4-17-98. (middle bench unit) <i>fec</i>											
A	99999	12349	43-013-31947	Sego Resources Well #2	SW/4 NE/4	23	11S	15E	Duchesne		
WELL 3 COMMENTS: CONFIDENTIAL #2 was never spudded. Instead, all material was moved to Twin Knolls 5-9J and it was spud on 1/19/98 Entity added 4-17-98. (middle bench unit) <i>fec</i>											
A	99999	12350	43-013-31996	Twin Knolls 5-9J	SW/4 NE/4	9	11S	17E	Duchesne	1/19/98	
WELL 4 COMMENTS: CONFIDENTIAL Entity added 4-17-98. <i>fec</i>											
A	99999	12351	43-013-31994	Twin Knolls 15-8J	SW/4 SE/4	8	11S	17E	Duchesne	1/31/98	
WELL 5 COMMENTS: CONFIDENTIAL Entity added 4-17-98. <i>fec</i>											

ACTION CODES (See instructions on back of form)

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (explain in comments section)

NOTE: Use COMMENT section to explain why each Action Code was selected.

(3/89)

R. S. Alinger
Signature
CEO
Title
4-17-98
Date
Phone No. (435) 789-7250



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office
170 South 500 East
Vernal, Utah 84078-2799

Phone: (435) 781-4400
Fax: (435) 781-4410

IN REPLY REFER TO:

3162
UT08300

CONFIDENTIAL

October 2, 1998

DOG M
'LA'
DATE

Sego Resources
Attn: Roger Alinger
P O Box 1066
Vernal, Utah 84078

Re: Notification of Expiration
Well No. 2
Section 23, T11S, R15E
Lease No. U-76478
Duchesne County, Utah
43-013-31947

Dear Mr. Alinger:

The Application for Permit to Drill the above-referenced well was approved on October 1, 1997. Since that date no known activity has transpired at the approved location. Applications for Permit to Drill are effective for a period of one year. In view of the foregoing, this office is notifying you the approval of the referenced application has expired. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

According to our records there has been surface disturbance on this drill site. The surface disturbance needs to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

Sincerely,

Margie Herrmann
Legal Instruments Examiner

cc: State Div. OG&M